

The image features a woman in the foreground painting a wall blue with a roller, and a man in an orange safety vest on a yellow scissor lift in the background working on a white ceiling. A large blue diagonal bar separates the two scenes. The AkzoNobel logo is in the top right, and a blue box in the bottom right contains the text 'Investor update Q2 2023' and 'July 25, 2023'.

AkzoNobel

**Investor update
Q2 2023**

July 25, 2023

Forward-looking statements

This presentation¹ does not constitute or form a part of any offer to sell, or any invitation or other solicitation of any offer, to buy or subscribe for any securities in the United States or any other jurisdiction.

Some statements in this presentation are 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this presentation and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures, as well as significant market disruptions such as the impact of pandemics. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest annual report, a copy of which can be found on the company's corporate website

www.akzonobel.com

1. Please note numbers in this presentation are unaudited.

Q2 2023 financial highlights

Profit growth driven by solid pricing and resilient volumes

Q2 2023:

Revenue

Up 3% in CC
(down 4% vs Q2'22)

Pricing

Up 5%

Adjusted operating income

€311m
(€325m excl. hyperinflation)

ROS

11.3%
(8.7% in Q2'22)

H1 2023:

Revenue

Up 5% in CC
(Flat vs H1'22)

Adjusted EBITDA

€702m
(FX: -€38m impact vs H1'22)

Margin expansion

Price vs raws & freight

€209m

Leverage

4.0x
(Q2'23 FCF: +€249m)

Q2 2023 business highlights

Sustainability enabling commercial gains

- ✓ Completing our portfolio to extend our leadership in beverage coatings



- ✓ Sustainable solutions driving share gains in high-value vessels



- ┆ Launch of BPA-free internal coating for beverage can tops
- ┆ Completes AkzoNobel's full can BPA-NI¹ offering
- ┆ Market leading BPA-free product performance

- ┆ Supply contracts for new-build LNG carriers in Asia
- ┆ Best-in-class technology drives share gains
- ┆ Biocide-free foul release Intersleek® solution

1. The BPA-NI designation indicates that neither Bisphenol A nor bisphenol compounds were intentionally added to the product.

Volume projections update for 2023

No clear acceleration yet but easier H2 comps

		H1 2023a	FY 2023e
Paints EMEA	<ul style="list-style-type: none"> ↗ Consumer confidence recovering ↗ DIY up sequentially, Pro rebounding 	-LSD%	-LSD%
Paints China	<ul style="list-style-type: none"> ↗ Market softer than anticipated ↗ Easier comps in H2 	+MSD%	+DD%
Paints South Asia Paints LATAM	<ul style="list-style-type: none"> ↗ Mixed H1 trends to improve in H2 ↗ Continue store expansion 	-LSD%	+LSD%
Industrial Coatings Powder Coatings	<ul style="list-style-type: none"> ↗ Continued weakness in architectural ↗ Packaging, Wood under pressure 	-HSD%	-MSD%
Marine & Protective Automotive & Specialty	<ul style="list-style-type: none"> ↗ Marine, Aero strong ↗ Consumer electronics at trough 	+HSD%	+MSD%
AkzoNobel	<ul style="list-style-type: none"> ↗ H1 better-than-expected ↗ H2 up LSD% on easier comps 	-2%	~Flat

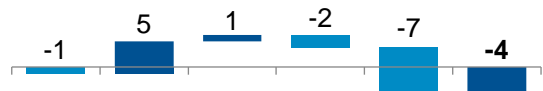
Organic volumes.

Q2 2023 financial performance

Up on resilient volume and robust pricing, unfavorable FX

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Q2 revenue development % y-o-y

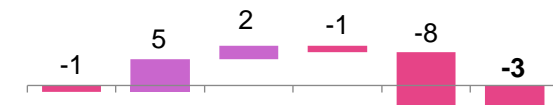


Volumes Price/mix M&A Hyper-inflation FX Revenue growth

	Q2'22	Q2'23
Revenue (€m)	2,853	2,741
Adj. OPI (€m)	249	311
ROS (%)	8.7	11.3

- ↗ Pricing up 5%, 25% on 3yr-stack
- ↗ Adj. OPI up 25%
- ↗ ROS expansion +260bps

Paints



Volumes Price/mix M&A Hyper-inflation FX Revenue growth

	Q2'22 ¹	Q2'23
Revenue (€m)	1,177	1,147
Adj. OPI (€m)	133	157
ROS (%)	11.3	13.7

- ↗ Pricing up 6%
- ↗ Adj. OPI up 18%

Coatings



Volumes Price/mix M&A Hyper-inflation FX Revenue growth

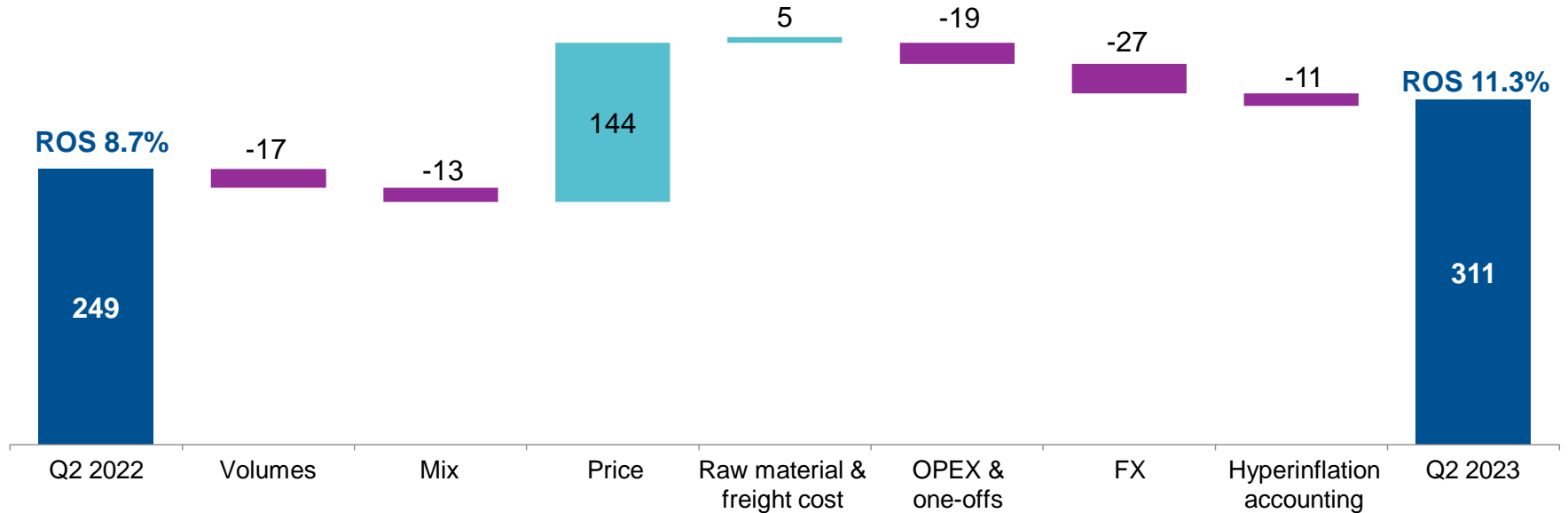
	Q2'22 ¹	Q2'23
Revenue (€m)	1,675	1,594
Adj. OPI (€m)	143	173
ROS (%)	8.5	10.9

- ↗ Pricing up 4%
- ↗ Adj. OPI up 21%

Q2 profit bridge

Solid pricing, raw mats becoming favorable, FX headwind

Adjusted OPI (€m)



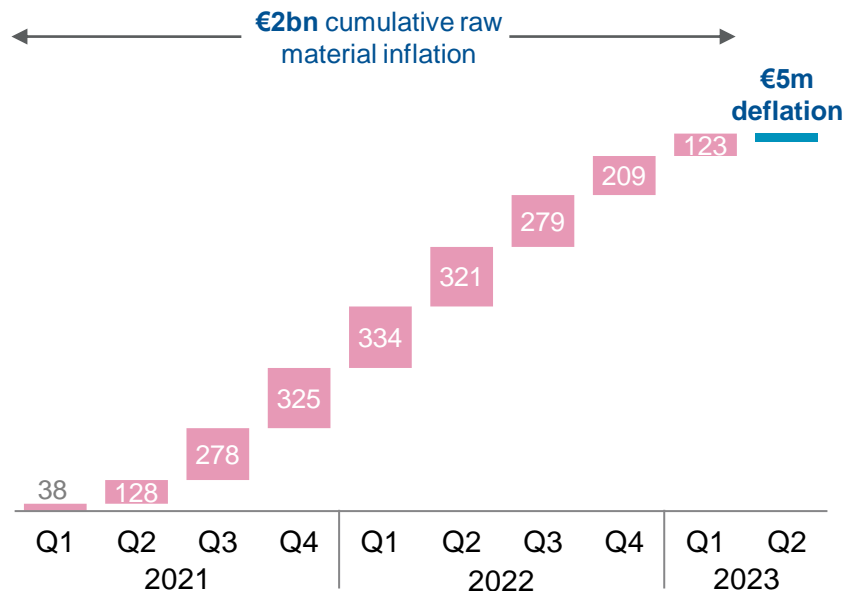
Adjusted OPI and ROS are alternative performance measure, for definitions and reconciliation of the alternative performance measures to the most directly comparable IFRS measures please see appendix.

Pricing vs raw materials and freight costs

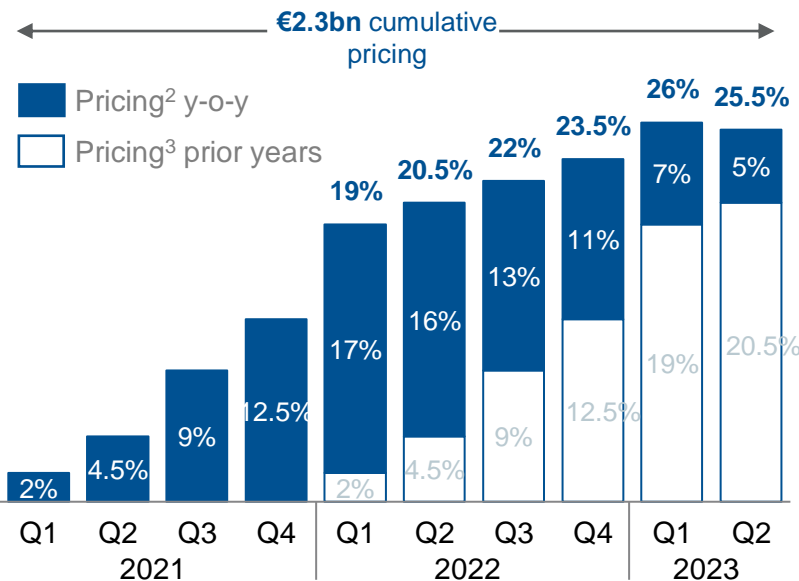
First benefits of raw material deflation at group level

Raw material and freight inflation¹

Quarterly adj. OPI impact y-o-y, €m



Pricing



1. Raw material and other variable cost euro value includes freight value from Q1 2022 onwards.

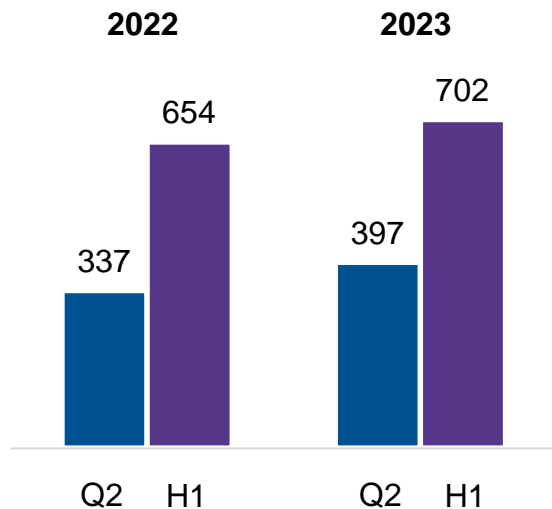
2. Price only and excluding mix.

3. Includes two prior years for 2023.

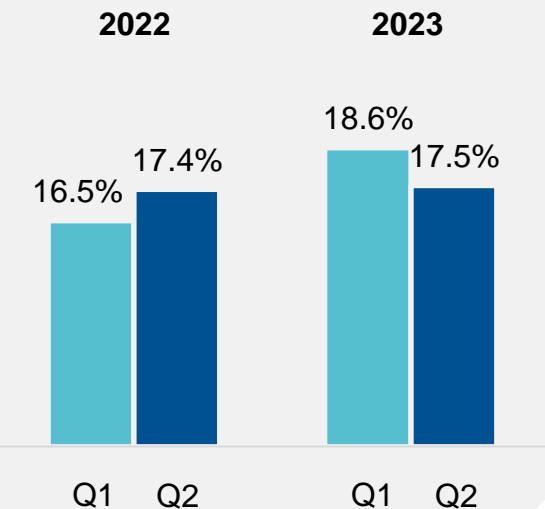
Leverage improves in line with expectations **AkzoNobel**

Strong FCF on profit rebound and OWC management

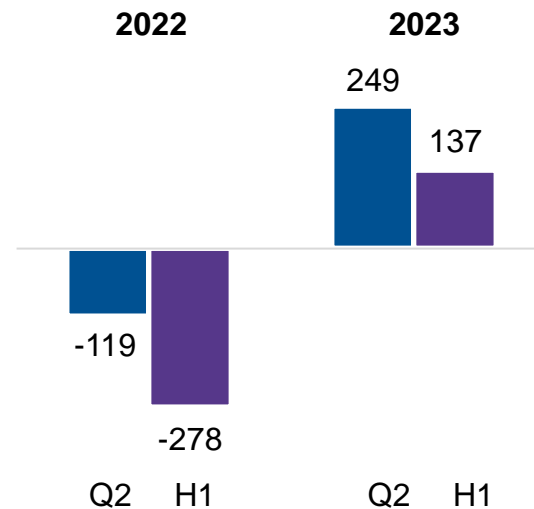
Adjusted EBITDA
(€m)



Operating working capital
(% of revenue)



Free cash flow (FCF)
(€m)



Net Debt/EBITDA 4.0 times (Q1 2023: 4.2 times)

2023 priorities and outlook

Executing on priorities, guidance increased

2023 Priorities

- ▶ Pricing discipline
- ▶ Realize benefit from raw material deflation
- ▶ Reduce costs
- ▶ Improve leverage

2023 Outlook

- ▶ Adjusted EBITDA: €1,400–1,550m
- ▶ Volumes ~flat y-o-y
- ▶ Year-end leverage: <3.4x (incl. Kansai Paint Africa acquisition)
- ▶ Post-2023, continue to de-lever towards 2.0x

Outlook is based on organic volumes and constant currencies, and assume no significant market disruptions.

Q3 results: October 25, 2023

AkzoNobel Media Relations

T +31 (0)88 - 969 7833

Contact: Joost Ruempol

Media.relations@akzonobel.com

AkzoNobel Investor Relations

T +31 (0)88 – 969 0139

Contact: Kenny Chae

Investor.relations@akzonobel.com

Alternative performance measures (APM)

AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business.

A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the appendix to this presentation.

This Investor Update covers the highlights for the quarter. We recommend to read the Investor Update in combination with the AkzoNobel Q2 2023 Report.

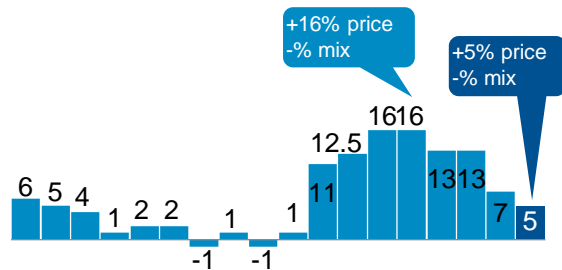
The Q2 2023 Report provides additional information, including the IAS34 condensed consolidated financial statements.

All figures in this presentation and in the AkzoNobel Q2 2023 Report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board.

Pricing remains robust, Q2 pricing up 5%

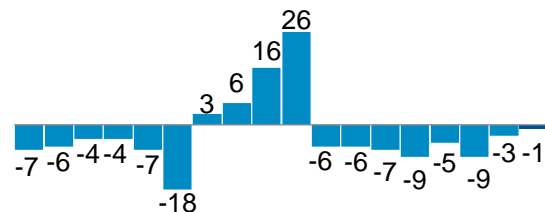
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Quarterly price/mix development (% y-o-y)



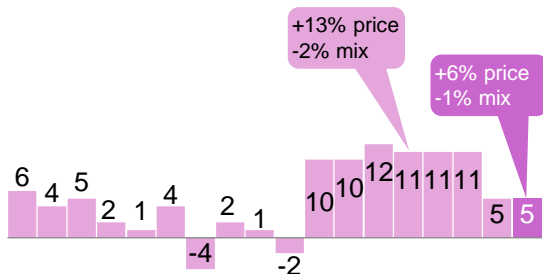
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22 23 23

Quarterly volume¹ development (% y-o-y)

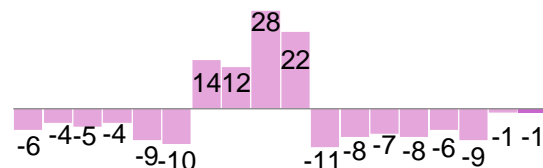


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
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Paints

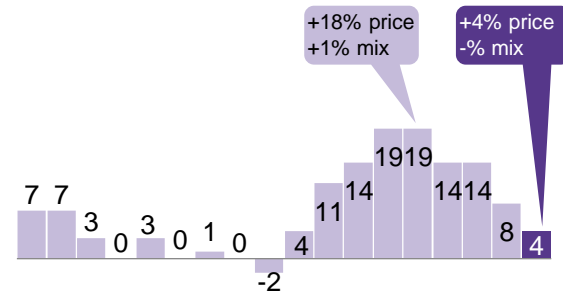


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
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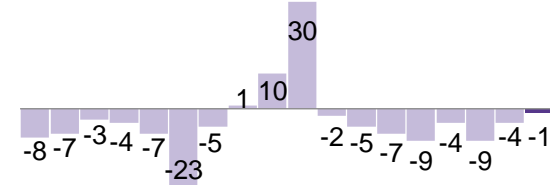


Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22 23 23

Coatings



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22 23 23



Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2
19 19 19 19 20 20 20 20 21 21 21 21 22 22 22 22 23 23

1. Organic volume development, does not include acquisition impact.

Definitions of alternative performance measures

- ↗ **Adjusted earnings per share** are the basic earnings per share from operations, excluding identified items and taxes thereon
- ↗ **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- ↗ **Adjusted operating income (OPI)** is operating income excluding identified items
- ↗ **Constant currencies (CC)** exclude the impact of changes in foreign exchange rates by retranslating the prior year local currency amounts into euro at the current year's foreign exchange rates
- ↗ **Free cash flow** is net cash generated from/(used for) operating activities minus capital expenditures
- ↗ **Identified items** are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges, and charges and benefits related to major legal, environmental and tax cases
- ↗ **ROI** is adjusted operating income of the last 12 months as percentage of average invested capital
- ↗ **ROS** is adjusted operating income as percentage of revenue
- ↗ **Leverage ratio** is calculated as net debt divided by EBITDA, which is calculated as the total of the last 12 months
- ↗ **Operating working capital (Trade)** is defined as the sum of inventories, trade receivables and trade payables. When expressed as a ratio, operating working capital is measured against four times last quarter revenue

Consolidated statement of free cash flows

Q2 2022	Q2 2023		H1 2022	H1 2023
292	367	EBITDA	613	636
1	2	Impairment losses	4	2
—	—	Pre-tax results on acquisitions and divestments	(13)	3
(284)	48	Changes in working capital	(688)	(213)
—	—	Pension pre-funding	48	—
—	—	Pension top-up payments	(1)	(1)
5	(10)	Other changes in provisions	(8)	(7)
(20)	49	Interest paid	(24)	(90)
(59)	(56)	Income tax paid	(98)	(94)
13	3	Other	13	19
(52)	305	Net cash generated from/(used for) operating activities	(154)	255
(67)	(56)	Capital expenditures	(124)	(118)
(119)	249	Free cash flow	(278)	137

Net Debt	3,865	4,353
Leverage (Net Debt/EBITDA)	3.2	4.0

Effective January 1, 2023, AkzoNobel has integrated the Grupo Orbis Coatings financials into the respective Performance Coatings BUs and updated the 2022 comparative figures. The changes do not have an effect on AkzoNobel's reported consolidated statement of income and balance sheet. More information is available via our website.

Operating income to net income

Q2 2022	Q2 2023		H1 2022	H1 2023
205	279	Operating income	437	461
(28)	(45)	Financing income and expenses	(40)	(83)
5	5	Results from associates and joint ventures	13	12
182	239	Profit before tax	410	390
(67)	(106)	Income tax	(129)	(151)
115	133	Profit from continuing operations	281	239
(6)	—	Profit from discontinued operations	(6)	(1)
109	133	Profit for the period	275	238
(3)	(15)	Non-controlling interests	(15)	(26)
106	118	Net income	260	212
Earnings per share (in €)				
0.60	0.69	Total operations	1.47	1.24
Adjusted earnings per share (in €)				
0.84	0.93	Continuing operations	1.70	1.65

Impact from hyperinflation accounting

€ million	Revenues	(Adj.) OPI	Net income
Impact related to Q2 2023	(46)	(14)	(21)
Impact related to H1 2023	(50)	(23)	(40)

Alternative performance measures

Q2 2022	Q2 2023	Δ%	Operating income (€m)	H1 2022	H1 2023	Δ%
128	151	18%	Decorative Paints	239	245	3%
112	168	50%	Performance Coatings	264	298	13%
(35)	(40)		Other activities	(66)	(82)	
205	279	36%	Total	437	461	5%

Q2 2022	Q2 2023	Identified items (€m)	H1 2022	H1 2023
(5)	(6)	Decorative Paints	3	(14)
(31)	(5)	Performance Coatings	(30)	(20)
(8)	(21)	Other activities	(15)	(34)
(44)	(32)	Total	(42)	(68)

Q2 2022	Q2 2023	Δ%	Adjusted operating income (€m)	H1 2022	H1 2023	Δ%
133	157	18%	Decorative Paints	236	259	10%
143	173	21%	Performance Coatings	294	318	8%
(27)	(19)		Other activities	(51)	(48)	
249	311	25%	Total	479	529	10%

Q2 2022	Q2 2023	Δ%	EBITDA (€m)	H1 2022	H1 2023	Δ%
205	279	36%	Operating income	437	461	5%
87	88		Depreciation and amortization	176	175	
292	367	26%	EBITDA	613	636	4%

Q2 2022	Q2 2023	Δ%	Adjusted EBITDA (€m)	H1 2022	H1 2023	Δ%
249	311	25%	Adjusted operating income	479	529	10%
88	86		Depreciation and amortization (excluding Identified items)	175	173	
337	397	18%	Adjusted EBITDA	654	702	7%

Q2 2022	Q2 2023	OPI margin (%)	H1 2022	H1 2023
10.9	13.2	Decorative Paints	11	11.2
6.7	10.5	Performance Coatings	8.2	9.3
		Other activities ¹		
7.2	10.2	Total	8.1	8.5

Q2 2022	Q2 2023	ROS (%)	H1 2022	H1 2023
11.3	13.7	Decorative Paints	10.9	11.8
8.5	10.9	Performance Coatings	9.2	9.9
		Other activities ¹		
8.7	11.3	Total	8.9	9.8

Q2 2022	Q2 2023	Adjusted earnings per share from continuing operations (€m)	H1 2022	H1 2023
182	239	Profit before tax from continuing operations	410	390
44	32	Identified items reported in operating income	42	68
(10)	1	Identified items reported in interest	(10)	1
(65)	(99)	Adjusted income tax	(126)	(151)
(3)	(15)	Non-controlling interests	(15)	(26)
148	158	Adjusted net income from continuing operations	301	282

Q2 2022	Q2 2023	Weighted average number of shares (in millions)	H1 2022	H1 2023
175.9	170.6	Weighted average number of shares (in millions)	176.8	170.6

Q2 2022	Q2 2023	Adjusted earnings per share from continuing operations	H1 2022	H1 2023
0.84	0.93	Adjusted earnings per share from continuing operations	1.70	1.65

Average invested capital (€m)	2022	2023	Δ%
Jul 2021 - Jun 2022/Jul 2022 - Jun 2023			
Decorative Paints	3,220	3,857	20%
Performance Coatings	3,727	3,896	5%
Other activities	385	605	
Total	7,332	8,358	14%

ROI (%)	2022	2023
Jul 2021 - Jun 2022/Jul 2022 - Jun 2023		
Decorative Paints	15.1	10.8
Performance Coatings	14.7	13.4
Other activities ¹		
Total	12.7	10.0

EBITDA (€m)	2022	2023
Jul 2021 - Jun 2022/Jul 2022 - Jun 2023		
Operating income	868	732
Depreciation and amortization	357	367
EBITDA	1,225	1,099

Net Debt (€m)	2022	2023
Short-term investments	(782)	(235)
Cash and cash equivalents	(1,076)	(1,498)
Long-term borrowings	3,404	3,682
Short-term borrowings	2,319	2,404
Total	3,865	4,353

Leverage ratio	2022	2023
Jul 2021 - Jun 2022/Jul 2022 - Jun 2023		
Net debt	3,865	4,353
EBITDA	1,225	1,099
Leverage ratio	3.2	4.0

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Recognized sustainability leader in the industry



Only paints and coatings company AAA in MSCI



Top 1% all companies assessed by EcoVadis



Low risk rating Sustainalytics¹



1. The lower risk, the better.